

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IOWA ELECTRIC LIGHT AND POWER COMPANY, n/k/a INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. NPD-87-1
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**ORDER GRANTING MOTION TO AMEND
NUCLEAR DECOMMISSIONING TRUST**

(Issued January 20, 2004)

On December 22, 2003, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a motion to amend its nuclear decommissioning trust (NDT) agreement. IPL seeks approval of three changes to the NDT. First, IPL requested that the Board approve new section 2.01(d), which is required to maintain the NDT in compliance with new regulations promulgated by the Nuclear Regulatory Commission (NRC). The new regulations require that the NDT be amended to provide 30 working days' notice to the NRC before the initial withdrawal of funds for decommissioning activities can occur.

Second, IPL proposes to add new section 6.06, which would allow Mellon Bank, the fund trustee, to invest in a collective fund, such as an index fund, that invests in Mellon Financial Corporation stock. IPL states that the use of collective funds provides the trustee greater flexibility in choosing investment alternatives and

an opportunity for lower fees through lower investment management fees and administrative and trading fees.

Third, IPL asks for approval of two non-substantive amendments executed in 1996. These provide that the NDT is to be managed in conformance with the Internal Revenue Code. No objections or other responses to any of the proposed trust amendments were filed.

The current trust agreement was approved by Board order issued December 2, 1987, in Docket No. NPD-87-1. Two major amendments were approved in the same docket on February 25, 1994. Those amendments changed the trustee to Mellon Bank and eliminate black lung investment restrictions.

The initial December 2, 1987, order approving the trust provided that all future filings that relate to nuclear decommissioning of Duane Arnold Energy Center shall be made in Docket No. NPD-87-1. Future amendments to the trust agreement are filed in this docket for approval by the Board. While the amendments executed in 1996 are non-substantive because they merely provide for compliance with Internal Revenue Service regulations, the amendments should have been filed with the Board for approval at that time so that the Board can contemporaneously monitor any changes to the NDT. The Board will approve the 1996 amendments, but reminds IPL that future amendments must be timely filed for approval.

The other two amendments will also be approved. The first, providing for 30 days' notice to the NRC, is necessary to comply with NRC regulations. The

second, allowing for investments in a collective fund, such as an index fund, grants the trustee flexibility in choosing investment alternatives and an opportunity for lower fees. These benefits will accrue to the NDT, and ultimately to ratepayers, when the funds are accessed for decommissioning.

IT IS THEREFORE ORDERED:

1. The "Motion to Amend Nuclear Decommissioning Trust" filed by Interstate Power and Light Company on December 22, 2003, is granted.
2. The Board grants to IPL and Mellon Bank the authority to execute the amendments to the nuclear decommissioning trust attached to the motion.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 20th day of January, 2004.